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Italy

Citrus

Semi-Annual

2002

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Report Highlights: Italian citrus output in 2001/02 has partially recovered from the previous season but only with a 3.5% increase over 2000/2001. In fact, unfavorable weather conditions negatively affected citrus crops again, especially lowering quality and fruit size. This is the second consecutive season in which weather has negatively affected the crop.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Rome [IT1], IT

SITUATION AND OUTLOOK

As reported in the November 2001 citrus annual report Italian citrus production for the 2001/02 marketing year is forecast to increase from the previous year's level due to a second year of unfavorable weather conditions.

In fact, according to information gathered during a field trip to Sicily in mid-April, weather conditions were unfavorable during the entire 2001/02 citrus producing season. Sicilian production represents about 70% of Italian citrus output. However, the main effect of bad weather was to lower fruit quality. After the drought, discussed in the November citrus report, very cold temperatures affected citrus crops in December 2001. At that time fruits were either on the tree or already harvested. Fruit quality and size of citrus fruits harvested after January 2002 were consequently low. The low quality fruit was either processed or left on the trees.

As a result, Italian total citrus fruit output for 2001/02 is now forecast down at 3,158 million tons, compared to 3,280 in the November citrus report. This number is only 3.5 % higher than Italian citrus production in 2000/01.

No change is reported in the grapefruit PS&D and very small changes are reflected in the tangerine PS&D table.

Imports of oranges are 5,000 MT larger in the 2001/02 new column, whereas imports of lemons have been more significantly revised in 2000/01 and 2001/02, from 41,000 MT to 67,000 MT in 2000, and even higher in 2001/02.

Besides lower production data in 2001/02, this significant increase in Italian lemon imports is due to growing competition from Spain and Argentina. In 2000/01 Argentina became the second supplier of Italian lemon imports with 22,000 tons. Spain is number one with 29,000 tons, or 43% of Italian lemon imports. In 2000/01 Italy also imported 12,000 tons of oranges from South Africa. Spain is the major orange supplier with 38,000 tons, or 45% of total orange imports.

Italy is increasingly suffering from competition from Spain and even non-EU countries ever since phyto-sanitary restrictions were removed several years ago. Also, import duties were reduced due to preferential agreements with Mediterranean countries, S. Africa, and also in response to WTO agreements.

The Italian citrus industry is suffering a chronic crisis largely discussed in previous reports. Only blood orange varieties such as Tarocco still have a good market share on the European market. In any case only 8% of domestic orange production was exported in 2000/01.

Besides structural problems such as old citrus varieties and lack of water, the major deficiency of the Italian citrus industry is fragmentation. The average citrus farm area in Sicily is less than 1 hectare. Only 25% of citrus farms have joined together into producer associations in order to reduce costs, make production plans, and benefit from more efficient marketing strategies. Finally, only this 25% is able to get EU subsidies that are provided thought producer associations according to the EU fruit and vegetable regime (EU Reg. 2202/96). See reports IT1028 and IT 0037.

This incapacity to collaborate and form associations is partially cultural, partially linked to other reasons including political inefficiency and criminal organizations. These criminal organizations supposedly have control over water distribution in all of Sicily. Water is more and more strategic in Sicily due to climate changes. After two consecutive dry producing seasons water stocks in Sicily are on average reduced to about 10-20% of their capacity. However, access to these reserves is a critical constraint in addition to levels of water in the reserves. A few private fruit processing companies in Sicily were able to gather farmers in producer associations in order to obtain subsidies from Brussels. They did what Italian National Farmer Organizations were not able to do, namely to collaborate as collective producers for reasons mentioned above.

According to recent research another important challenge to the Sicilian citrus industry is the distance from European markets and transportation problems. In fact, 90% of citrus is delivered by truck and needs approximately 25% more time than Spanish citrus to arrive on Northern European markets.

For EU subsidies and citrus processing limits for 2001/02 see report IT1028.

PS&D TABLES

Oranges

PSD Table						
Country	Italy					
Commodity	Fresh Oranges				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		11/1999		11/2000		11/2001
Area Planted	111000	111000	110000	110000	108000	108000
Area Harvested	108000	108000	107000	107000	106000	106000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	1750	1750	1800	1800	1980	1935
Imports	57	57	59	85	55	60
TOTAL SUPPLY	1807	1807	1859	1885	2035	1995
Exports	135	135	143	149	150	150
Fresh Dom. Consumption	1042	1042	1106	1126	1185	1145
Processing	630	630	610	610	700	700
TOTAL DISTRIBUTION	1807	1807	1859	1885	2035	1995

Lemons

PSD Table						
Country	Italy					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Planted	36000	36000	35000	35000	35000	35000
Area Harvested	36000	36000	35000	35000	35000	35000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	543	543	610	610	610	537
Imports	39	39	41	67	41	70
TOTAL SUPPLY	582	582	651	677	651	607
Exports	33	33	33	36	33	33
Fresh Dom. Consumption	208	208	222	245	218	218
Processing	341	341	396	396	400	356
TOTAL DISTRIBUTION	582	582	651	677	651	607

Tangerines

PSD Table						
Country	Italy					
Commodity	Fresh Tangerines				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		11/1999		11/2000		11/2001
Area Planted	35000	35000	35000	35000	37000	37000
Area Harvested	34000	34000	34000	34000	35000	35000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	594	594	592	592	640	636
Imports	72	72	56	57	53	53
TOTAL SUPPLY	666	666	648	649	693	689
Exports	67	67	74	76	79	79
Fresh Dom. Consumption	414	414	376	375	404	400
Processing	185	185	198	198	210	210
TOTAL DISTRIBUTION	666	666	648	649	693	689

Grapefruit

PSD Table						
Country	Italy					
Commodity	Fresh Grapefruit				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		06/1999		06/2000		06/2001
Area Planted	700	700	1400	1400	1400	1400
Area Harvested	500	500	1000	1000	1200	1200
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	12	12	20	20	30	30
Imports	28	28	30	30	30	30
TOTAL SUPPLY	40	40	50	50	60	60
Exports	3	3	5	5	8	8
Fresh Dom. Consumption	35	35	40	40	45	45
Processing	2	2	5	5	7	7
TOTAL DISTRIBUTION	40	40	50	50	60	60

Orange Juice

PSD Table						
Country	Italy				Degrees Brix	
Commodity	Juice, Orange				(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Deliv. To Processors	630	630	610	610	700	700
Beginning Stocks	13000	13	15000	15	11000	11
Production	40000	40	38000	38	43000	43
Imports	30000	30	30000	30	28000	28
TOTAL SUPPLY	83000	83	83000	83	82000	82
Exports	38000	38	41000	41	42000	42
Domestic Consumption	30000	30	31000	31	32000	32
Ending Stocks	15000	15	11000	11	8000	8
TOTAL DISTRIBUTION	83000	83	83000	83	82000	82